



Chapter 3:

Markets for Tourism and Recreation

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Strategic Target Market Decision-Making

Decisions about target markets, the best methods to reach them, and resources to allocate to each market, are the most important – and often the most vexing – responsibility of tourism/recreation marketers and managers. “Getting it right” means the difference between a high and low return on investment, and determines whether the right or wrong kinds of visitors will be attracted. Too often, there are reports of marketers “getting it wrong”: attractions or events communicating the wrong message for the wrong market, with disastrous results. For Montana to successfully attract high value, low impact visitors, the message, method, and target all need to be right.

To identify the “right” target markets, it is important to understand three things:

1. Who are the current visitors, and why are they visiting?
2. Who are the potential visitors (that are not visiting now)?
3. Who is the competition, and how is Montana’s product different?

The three questions seem simple enough, but obtaining good answers requires a significant amount of information about existing customers, other customer segments, and the competition and their strategies.

Current Visitors to Montana

Montana is fortunate to have dedicated funding, and a long-standing institution, that collects and analyzes tourism and recreation data: the University of Montana Institute for Tourism & Recreation Research (ITRR, www.itrr.umt.edu). Every five years, a comprehensive statewide survey of nonresident travelers is conducted, producing a body of information that reveals trends in visitor demographics, activities, satisfaction, expenditures, etc. The reports are posted online, including implications for tourism marketers and managers.

Half of Montana’s Nonresident Travelers are from Nearby States; Many Visitors are Former Montanans or Own Property in the State

According to ITRR,¹ 49% of 2005 nonresident travelers came from surrounding states and provinces (see sidebar). About one-third (32%) of travel parties were couples, 27% were traveling alone, 25% were traveling with family, and 7% with friends. Most had visited Montana before (83%); in fact, one-in-five are former Montana residents, 6% own a vacation home in Montana, and 4% were looking at property. Sixty percent of travel parties included someone age 55+, while 26% included kids 17 and under. More than half of the travelers (59%) earn \$60,000+ annually (27% earn \$100,000+). One-third of the travelers (34%) were in Montana primarily for Vacation, while 27% were just Passing Through, 19% were Visiting Family/Friends, 13% were on a Business trip, and 2% were in Montana for Shopping.

The Vacation (destination) travelers to Montana came from further away (including more international), tended to be traveling with family or friends (36% included kids), and more affluent (66% earn \$60,000+, 33% earn \$100,000+). Their preferred activities were scenic driving, wildlife viewing/birding/nature study, day hiking, shopping, picnicking, historical and cultural sites/museums, developed camping, fishing, festivals/events, river trips, and skiing. More than half (55%) visited Yellowstone Park, and 33% visited Glacier Park.

¹ 2001/2005 Nonresident Comparison Report, ITRR



2005 Origins of All MT Travelers

WA*	12%
ID*	10%
WY*	8%
CA	7%
ND*	5%
UT**	5%
ALB*	5%
CO	4%
MN	4%
OR*	3%
TX**	3%
SD	2%
AZ	2%
FL**	2%
IL	2%
MI	2%
WI**	2%
B.C.*	1%
SASK*	1%

Source: ITRR

* Percentage was lower among Vacation travelers

** Percentage was higher among Vacation travelers

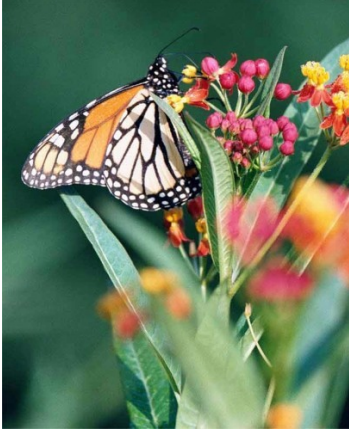
Other States of origin of Vacation travelers: GA, KS, NE, NY, PA, VA

“A marketing plan published by Travel Montana in advance of the season would help those entities spending their own marketing \$\$\$ spend them more wisely. TM is looked upon as marketing experts and many could benefit from their expertise.”

- Survey Respondent

Customer Attitudes and Expectations about Montana

In Spring 2007, the University of Montana Institute for Tourism and Recreation Research (ITRR) conducted an email survey of 715 randomly-selected individuals who had inquired to one or more of the travel regions about visiting Montana. The purpose of the study was to assess nonresident expectations before coming to Montana, and whether those expectations were fulfilled. Less than half of the survey participants (49%) had visited Montana before.



Responses from those who visited Montana in the past year:

71.7%	Expectations were met and exceeded
24.4%	Expectations were met as expected
3.6%	Expectations not met, but still a good experience
0.3%	Expectations not met, visitor was unhappy

Among those who have never visited Montana:

Expect to See:	mountains, wildlife, beauty, scenery
Expect to Feel:	relaxed, rest, awe, inspired
Expect to Experience:	nature, outdoors, excitement

Among previous visitors (visited before but not in the past year):

Expect to See:	mountains, wildlife, scenery
Expect to Feel:	relaxed, rest, happy, fulfilled, awe, inspired
Expect to Experience:	hiking, happy, fulfilled, relaxed, rest

Actual visitor experiences (descriptions by those visitors in the past year):

Visitor Saw:	beauty, mountains, wildlife, awe, inspired, scenery, open space
Visitor Felt:	happy, fulfilled, relaxed, rest, awe, inspired, peace, welcomed, excitement
Visitor Experienced:	happy, fulfilled, awe, inspired, beauty, friendly, people

Friendly people and a welcoming feeling were frequently mentioned by visitors.

Two aspects that were not mentioned by non-visitors, but appeared among visitors, were friendly people and welcomed feeling. In general, adjectives used by visitors were more expressive, descriptive, and heartfelt than those used by non-visitors.

The findings indicate that Montana is meeting customer expectations, and that messages communicated to potential visitors appear to be consistent with their actual experiences, based on their expectations before traveling.

Potential Markets: U.S. Traveler Segments

Nationally, tourism continues to grow, but there are significant changes in the tourism and recreation environment, and in customer habits, tastes, and preferences over the past five years. If Montana is to remain competitive, it must adapt its product and promotion efforts to respond to the needs of today's tourism customers. Below is a summary of traveler segments provided by the Tourism Industry Association (TIA), from their *Domestic Travel Report, 2005 Edition*.

Family and Friends are the Largest Motivators for Travel

The most popular leisure travel purpose, in Montana and nationally, is visiting friends or relatives (VFR). Nationally, VFR travel accounts for half (50%) of all leisure trips. Other trip purposes include entertainment (18%) and outdoor recreation (11%), and one-third (31%) of leisure trips include children. (Source: TIA, www.tia.org)

Leisure Travelers Hit the Road in Summer, Seek Authenticity

Nearly one-third (32%) of all leisure trips take place in June, July and August (when kids are not in school), and 80% of the trips are taken by car, truck or RV. The most common activities on leisure trips are shopping, attending a social/family event, outdoor activities, rural sightseeing, beach activities, city/urban sightseeing, and visiting historic places and museums. Both domestic and international travelers are touring the countryside more to find the "authentic" American experience. Cultural and heritage tourism remains one of the fastest growing segments of the travel industry: 81% of U.S. adults include a historical or cultural activity during their trip, and these travelers spend more than other travelers. (Source: TIA, www.tia.org)

Business Travelers Spend More, Combine Business & Leisure

Business travelers spend an average of \$474 per trip, compared to \$372 for leisure travelers, and 83% of business trips are solo travelers. One-third (34%) of business travelers are attending a convention or meeting, and 38% of business trips include air travel. A majority (62%) of business travelers included leisure activities during at least one of their trips, and two-thirds (66%) took family or friends on that trip.

Motorcoach Travelers Learn While Spending \$5,000-\$11,000 per Day

More than 774 million people use motorcoach tours each year. A fully-loaded motorcoach (46 passengers) contributes an average of \$5,000 to \$11,000 per day to the local economy, spending money on meals, lodging, shopping, admission fees, souvenirs, and local taxes. More tour operators are offering one-day sightseeing tours, independent packages, event packages, and learning packages (wine tasting, family, agricultural, gay/lesbian packages, etc. (Sources: American Bus Association, www.buses.org, and National Tour Association, www.ntaonline.org)

Adventure Travelers Primarily Seek Soft Adventure

About 72% of Americans participate in at least one human powered active outdoor activity, and many plan vacations around an outdoor or adventure activity. Adventure/outdoor travel growth has leveled off from its pace in the 1990s, but remains a strong segment, generating \$243 billion in travel-related retail sales and services (food/drink, transportation, entertainment/activities, lodging, souvenirs/gifts/misc). The most popular activities are hiking/backpacking, swimming, fishing, and camping. (Source: Outdoor Industry Association, www.outdoorindustry.org, America Outdoors, www.americaoutdoors.org)

Top 10 Activities of U.S. Resident Travelers, 2004

Shopping	30%
Attending a social/family event	27%
Outdoor activities	11%
Rural sightseeing	10%
City sightseeing	10%
Beach activities	9%
Visiting historic Places/museums	8%
Gambling	7%
Theme/Amusem't Park	7%
National/State Park	7%

Source: Travel Industry Association, *The Power of Travel 2006*



Most Popular Adventure Activities (# of Americans)

Hiking/backpacking	9.2 mill
Swimming	9.1 mill
Fishing	8.1 mill
Camping	7.5 mill

Source: Outdoor Industry Assn.



Guest Ranch Visitors Seek Family and Specialty Experiences

Dude ranch vacations continue to see growth and diversification. Traditional dude ranch activities include horseback riding, cattle drives, river rafting, line dancing, fishing, cookouts, swimming, and kids programs. However, many ranches offer special programs and weeks for family reunions, singles, adults-only, mother-daughter, photography, fall foliage, artists, etc., along with conferences and team building events. About 10% of guest bookings are international, primarily from England and Germany. (Source: Dude Ranchers Association, www.duderranch.org)

RV Travelers are Younger, Continue to Travel Despite Fuel Costs

Americans are traveling shorter distances and on weekends with less planning. Camping and RVing are compatible with "last minute" decisions. In 2004, 7+ million U.S. households owned an RV (1-in-12). By 2010, the number is projected to be 8 million households. The largest and fastest growing segment of RV buyers is age 35-54. (Source: RV Industry Association, www.GoRVing.org)



Geotourists and Ecotourists Seek Sustainable Destinations

Geotourists are interested in nature, cultural, and heritage attractions, seeking to learn about other places and cultures while preserving their character and integrity. About 55 million U.S. travelers are classified as geotourists. A close relative of geotourism is ecotourism, which includes eco-travel networks, green tourism, eco-volunteering trips, active sports trip programming, and environmentally responsible tourism. These environmentally-conscious travelers are among the fastest growing travel trends. Both geotourists and ecotourists will pay more to use companies and visit destinations that practice environmental stewardship. (Sources: TIA, National Geographic Center for Sustainable Destinations, www.nationalgeographic.com/travel/sustainable, International Ecotourism Society, www.ecotourism.org)



National Forest Visitors are Primarily Locals, National Park Visits Declined after 9/11, But Volunteerism Hits Record Highs

National Forests provide opportunities for wildlife-related tourism (viewing, hunting, fishing), heritage tourism, adventure and eco-travel, learning travel, scenic driving, and volun-tourism. National Recreation Reservation Service (NRRS) system camp reservations indicate that visitation is stable. Meanwhile, National Parks experienced sharp drops in visitation after 9/11 from losses of international travelers. Visitation at some parks has recovered, but system-wide numbers are still down from 2000 levels. However, in 2004, 140,000 volunteers contributed 5 million hours of service to Parks. Approximately 40 million people visit National Wildlife Refuges annually. (Sources: TIA, U.S. Forest Service, www.fs.fed.us)



Snowboarders and Snowmobilers Drive Winter Sports Growth

The number of snowboarders grew 400% from 1998 to 2004 to 6.6 million people. In 2004, over half of skier visits (54%) occurred on weekdays, and only 46% on weekends. There are 1.75 snowmobile owners, taking an average of 7.5 weekend trips with 5 nights in a hotel, and generating \$20 billion in economic activity. More women are snowmobiling, and there is continued improvement and upgrading of hotels catering to growth in the upscale snowmobiler market, which is driven largely by Baby Boomers. According to a study in Jackson Hole, 40% of downhill skiers also snowmobile during their trip. (Sources: National Ski Areas Assn., www.nsaa.org, Snowsports Industries America, www.thesnowtrade.org, International Snowmobile Manufacturers Assn., www.gosnowmobiling.org)

Golf and Sports Event Travelers Create a Large Economic Impact

Golf tournaments, marathons, half-marathons, triathalons, fishing tournaments, and other competitions draw travelers who spend money on lodging, dining, supplies, and even spa services. Golfers alone spend \$26+ billion annually on golf travel, and the number of junior golfers increased by 7.4% annually from 1999 to 2004, particularly among females. (Sources: Road Running Info Center, www.runningUSA.org, TIA)

Spa Goers are More Mainstream, Seek Treatments While Traveling

Spas are one of the largest leisure industry segments, and are no longer seen as just a luxury activity. The 14,600 spas in the U.S. generated 110 million visits and \$9.4 billion in 2006, focusing on wellness, nutrition, exercise, and relaxation. Gen Xers have introduced their parents to spas, and many include spa activities while traveling. Men now account for nearly one-third of spa goers in the U.S., 40%+ in Europe and Asia. Trends include an embrace of nature and local ingredients, spa cuisine, and custom treatments for athletes, golfers, sleep deprivation, etc. (Source: International Spa Association, www.experienceispa.com)



Cuisine Travel and Vacation Homeowners Indicate More Affluence

Restaurant sales have shown steady growth for 15 years, driven by a strong economy and increases in consumers' disposable income. Dining, wine tasting, and specialty cuisine are important factors in vacation planning, as travelers expect higher levels of quality and service in their vacation experiences. Similarly, vacation timeshares have experienced a resurgence as travelers seek more vacation amenities and investment opportunities. (Sources: National Restaurant Assn., www.restaurant.org, American Resort Development Assn., www.arda.org)



Cruise Ship and Train Passengers Appreciate Package Trips

The number of cruise passengers grew 9.5% to 11 million people in 2005. Cruise lines added six new ships in 2006, and eight more in 2007. Cruise lines are popular for their convenient "all in one" packages that include meals, lodging, transportation, and entertainment, with optional activities for various members of the family. Amtrak ridership also has increased, particularly on east coast, Midwest, and southwest routes. Amtrak has gone high tech, adding wireless Internet and portable entertainment systems with movies, TV, and music, in response to customer demand. (Sources: Cruise Lines International Assn., www.cruising.org, www.amtrak.com)

Table Games, Indian Gaming, Racetrack Casinos are Growing

The gaming industry continues to grow, with the strongest segments being Indian gaming, racetrack casinos, and table games. More than half of casino resort revenues come from non-gaming sources such as entertainment, dining, and shopping. Nearly one-in-five American adults (18%) played poker in 2004, a trend driven by the popularity of television poker competitions. (Source: American Gaming Association, www.americangaming.org)



Montana's Competition

The average American sees 3,000 marketing messages daily, and some experts claim that 97% of all tourism advertising is ineffective.² Every year, another 2,000 communities in the U.S. and Canada pursue tourism as a priority strategy. Of the 425 counties in the western U.S., 409 of them promote outdoor recreation as their *primary* tourism draw.



Traditionally, Montana's primary competitors for nonresident visitors were states and provinces with similar attractions (mountains, national parks, wildlife, open space, outdoor recreation, etc.), such as Wyoming, Colorado, Idaho, Alaska, Washington, Oregon, Utah, B.C., and Alberta. However, in a global sense, Montana's competition comes from any destination that attracts travelers seeking natural scenery, wildlife, adventure, mountains, etc. Key competitors then are destinations like New Zealand, Australia, Costa Rica, Argentina, Chile, Slovenia, Ukraine, Switzerland, China, Tibet, etc. With a global economy, and increasingly sophisticated travelers, competition is about continents and countries, not just states. From that perspective, Montana's surrounding states and provinces become allies – rather than competitors – in marketing the larger northern Rockies region as a desirable destination.



The states, provinces and countries listed above all have mountains, recreation, wildlife, open space, and beautiful scenery, and most have national parks (or World Heritage Sites). In other words, Montana cannot compete effectively based solely on physical attributes. The other destinations also (for the most part) have friendly people, and affordable and uncrowded locations. Many of those competitors have better shopping, dining, nightlife, interpretation, and transportation systems than most of Montana.

Montana's Brand

How Does Montana Differentiate Itself?

The brand of a destination helps identify its uniqueness, and position it in the market based on its target customers. The brand is defined by the perception of the *customer* – it is not necessarily how the destination views itself, but how it is viewed by its target customers. The brand is more than a place, and more than a logo or slogan – it is an experience.



Therefore, defining the brand involves first identifying target customers, and then talking to them about their perceptions of the destination. As of this writing, Travel Montana has undertaken a brand development process involving focus groups among selected traveler segments in Seattle, Chicago and Atlanta. The results of those focus group discussions will be presented to Montana tourism and recreation industry partners in a series of workshops, and then a branding position statement developed that reflects the perception of the customers in the context of the values of Montanans.

² Roger Brooks, Destination Development

Priority Target Markets: Focus on Niches

Targets Represent Existing and Emerging Niche Markets

At the February 2007 Tourism Advisory Council meeting, the participants discussed potential niche markets that represented high value, low impact visitors who could be targeted for off-peak season travel to Montana. The list of niches was then included as a question on the statewide online survey in March 2007, where respondents were asked to indicate “which niches” are important to their business, attraction, or community. The sidebar at right shows the percentage of survey respondents who indicated each niche was important. Other niches mentioned by respondents included motorcycle groups/rallies, historians, rodeo fans and competitors, and microbrew and wine-tasters. The top choices are consistent with the results of the ITRR survey of nonresident travelers, in terms of the activities they preferred.

More than two-thirds of the survey respondents chose wildlife viewers, anglers, photographers, and adventure travelers as important to them, and more than half cited scenic drivers, cultural/heritage travelers, bird watchers, hunters, weddings/reunions, and geo/ecotourists. Clearly, Montana’s wildlife resources, scenery, outdoor recreation, history, and culture are the top draws.

There are myriad ways to target specific niche markets through web sites, specialty magazines and newsletters, clubs and associations, partnerships with specialty equipment suppliers or retailers, cable TV channels and radio programs, relationship marketing, design of visitor guides by activity, etc. Custom itineraries, driving tours, and vacation packages also increase interest among these niche groups, such as birding or wildlife viewing trails, cultural tours, scenic byways, etc.

Geotourists are an Emerging Target Market for Montana

At the June 2007 Tourism Advisory Council meeting, participants learned about the Crown of the Continent Geotourism MapGuide project involving Waterton-Glacier International Peace Park and the surrounding communities. The project targets Geotourists as a key traveler market. Geotourism is defined as tourism that sustains or enhances the geographic character of the place being visited, including its environment, culture, heritage, and the well-being of its residents.³ Many of the niches listed in the sidebar can be defined as Geotourists.

Geotourists make up 55.1 million of the 154 million American travelers, or about 36%. Within that group, there are three segments: Geo-savvys, Urban Sophisticates, and Good Citizens, who represent the most traveled, highest spending, and most educated travelers. Based on preliminary investigation, the Geotourism segment that appears to be most closely aligned with Montana’s tourism values is the ‘Geo-savvy’ segment. These travelers use a broad range of services that fit well with Montana’s current statewide product and infrastructure. More than one-third of Geo-savvys reside in the nearby Pacific or Mountain regions, and they participate in outdoor recreation more than any other segment.

The above demographic target markets are priorities for Montana tourism and recreation marketing efforts. Geographically, Montana’s neighboring states will continue to be a primary source of visitors, but highly targeted and effective promotion efforts to various niche segments will help extend Montana’s global reach.

Survey Respondents List of Important Niche Markets

Niche Market	Percent
Wildlife viewers	71.9%
Anglers	70.5%
Photographers	68.4%
Adventure travelers	68.1%
Scenic drivers	62.3%
Cultural & Heritage travelers	61.4%
Bird watchers	58.8%
Hunters	56.7%
Weddings, reunions	54.6%
Geo/ecotourists, wilderness visitors	53.9%
Skiers, snowboarders, snowshoers	41.2%
RVers or campers	41.2%
Snowmobilers	37.0%
Geologic, scientific travelers/groups	36.8%
Golfers	36.5%
Education travelers, Volun-tourists	32.8%
Elderhostel groups	28.1%
Snowbirds	26.9%
Geocachers, tech-savvy travelers	25.1%
Team-building, affinity groups	24.8%
Dinosaur buffs	24.4%
Home-schoolers, educational tours	23.7%
Train buffs	22.0%
Private pilots	21.5%
associations, clubs	
Pow wow competitors, musicians	18.5%

Montana’s strongest target of geotourism groups appears to be the ‘Geo-savvy’ segment.

³ TIA and National Geographic Traveler, *Geotourism: The New Trend in Travel*, 2003

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